

CSR Report of HANGZHOU YOKOHAMA TIRE CO., LTD.

Business activities: Production and sale of tires for passenger cars
Total site area: 123,000 m²
Number of employees: 875 (as of March 2010)
Location: Hangzhou, Economic Technological Development Zone (Xiasha) M18-0-4, HEDA (Xiasha), Hangzhou, 310018, CHINA
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President's Message



Ichiro Suzuki

Hangzhou Yokohama Tire operates in the city of Hangzhou, about 200 km west of Shanghai. Hangzhou is one of China's most popular tourist destinations, with a rich and proud history and a range of superb natural attractions including the symbolic West Lake. Located in the Economic and Technological Development Zone of Hangzhou City, Hangzhou Yokohama Tire produces passenger vehicle tires for the domestic market. This year marks our eighth year of operation. Production volumes have steadily increased over the years in line with the growth of the domestic marketplace, and preparations are currently

underway for a major expansion of production capacity from next year. In terms of environmental programs, we have been working diligently to reduce production waste and eliminate landfill under the Zero Emissions program launched in 2008. In March 2010, Hangzhou Yokohama Tire became the first overseas Yokohama Rubber operation to achieve complete Zero Emissions target. We will continue to maintain this record while working to

further reduce our industrial waste output.

China is striving to reduce greenhouse gas emissions associated with economic growth, and Hangzhou Yokohama Tire is committed to working with the local Economic and Technological Development Zone in the design of energy-saving programs by reporting information such as energy-saving targets and monitoring outcomes. The Company will be investing heavily in environmental programs during FY2010.

October 2009 saw the second phase of planting in the Forever Forest project, with some 120 participants helping to plant 1,200 new seedlings. The planting area was smaller this year because space has been set aside for expansion of our production facilities. Seedlings planted during the first phase in 2008 are growing well and we can see the forest beginning to take shape. The Company remains committed to the Forever Forest project, which we hope will enhance the standing of our facility in the local area.



YOKOHAMA Forever Forest

Environmental Initiatives

Environmental Policy in FY 2010

- (1) We will comply with all applicable laws and regulations and take all necessary measures to prevent environmental pollution.
- (2) We will pursue continuous improvement under the PDCA cycle in the ISO14001 management system.
- (3) We will continue working towards complete Zero Emissions by reducing industrial waste and sorting waste output.
- (4) We will contribute to the fight against global warming by reducing energy consumption and CO₂ emissions and delivering more environmentally friendly products.
- (5) We will conduct ongoing education and training programs to ensure that all employees at the Company understand this Policy and how to put it into practice.
- (6) In this way, we will strive to be a top-level environmentally responsible enterprise in which all employees understand environmental issues and the importance of environment action, one that is respected by employees and their families as well as the general public in China.

Achievements in FY2009

In FY2009, Hangzhou Yokohama Tire achieved a record of zero environmental incidents (including near-miss incidents).

First overseas Yokohama Rubber operation to achieve complete Zero Emissions

In FY2009, Hangzhou Yokohama Tire became the first overseas Yokohama Rubber operation to achieve complete Zero Emissions—no industrial waste sent to landfill.

This achievement is the result of a range of strategies including ongoing training in waste sorting and improved enforcement; better waste storage systems including fully partitioned areas for waste disposal by category; more precise management of waste and processing volumes based on daily recording; and closer scrutiny of waste processing by contractors including separate procedural flowcharts for every contractor and verification through site inspections. We will continue to conduct regular site inspections of contractor facilities in working towards our ultimate goal of 100% recycling of waste materials.

Environmental data (Fiscal Year: From January through December)

Item	FY2007	FY2008	FY2009
Waste emissions (t)	946	834	796
Proportion sent to landfill (%)	—	0.5	0.1
Energy use (oil equivalent: 1,000 kl)	Electric power	5.18	6.44
	Fuel	4.78	5.35
	Total	9.97	11.79
Greenhouse gas emissions (1,000 t-CO ₂)	38.0	33.0	37.2
Water use (1,000 m ³)	106	110	80
Waste organic solvent output (t)	10.0	3.5	3.6

* Greenhouse gas emissions in FY2009 were calculated based on the Calculation and Reporting Manual for Greenhouse Gas Emissions jointly published by Japan's Ministry of the Environment and the Ministry of Economy, Trade and Industry (METI).

Safety Policy in FY2010

Basic Policy in FY2010

Employees represent the fundamental basis of our corporate operations. The Workplace Health and Safety Management System is designed to ensure the health and safety of all workers at CHZY by providing a pleasant and comfortable workplace with zero hazards and dangers. In this way, the Company strives to earn the trust and respect of all.

Health and Safety Policy

- (1) We will strive to ensure the safety of all employees in accordance with the applicable laws and regulations as well as internal company safety standards and regulations.
- (2) We will promote the Five S's as the basis of safety training at the company and encourage identification of danger locations and areas.
- (3) We will promote awareness of personal safety and equipment dangers through the three key programs of KYT, near-miss reporting and risk assessment, while also working to reduce risks.
- (4) Senior executives and managers will serve as role models in administering the PDCA cycle at different levels within the company.
- (5) In this way, we will work to foster a culture of safety at CHZY.

Working with Local Communities

Feedback received during FY2009

No feedback was received during FY2009.

Social contribution programs within the Hangzhou Development zone

Hangzhou Yokohama Tire has received a grant from the Hangzhou Development Zone in recognition of the Company's social contribution in reducing energy consumption and industrial waste output.



Phase II of planting for the YOKOHAMA Forever Forest project was conducted on October 17, 2009, in conjunction with Yokohama Hamatite (Hangzhou) and Yokohama Hoses & Coupling (Hangzhou).

Some 250 people attended the planting, including employees of the three companies and their families, as well as foreign trainees from Yokohama Rubber, government officials from the Hangzhou Economic and Technological Development Zone, teachers and students from the Japanese school at Hangzhou, and local student volunteers. Our employees coordinated the planting of around 2,400 seedlings including native species such as arakashi (blue Japanese oak) and shirakashi raised from acorns at their own expense.

From a participant: Jianqing Zhu

This project is an effort to create a clean environment in which future children can have an easier life. The local community also supports us. I hope to build an even better environment by transforming the energy of individual people into a larger, collective energy.

